GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3144
ANSWERED ON:13.08.2003
DISINVESTMENT OF MSTC
SUNIL KHAN

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Disinvestment Commission had taken a decision on May 5, 2003 to sell out 100% Share of MSTC along with its fully owned subsidiary M/s. Ferro Scrap Nigam Limited whose performance is quite excellent and has been performing without any financial assistance from the Government;

(b) if so, the details thereof; and

(c) the manner in which the interest of the employees of this organization is proposed to be protected?

Answer

MINISTER OF COMMUNICATIONS AND INFORMATION TECHONOLOGY AND MINISTER OF DISINVESTMENT (SHF SHOURIE)

(a) & (b): The Disinvestment Commission in its 11th Report (July 1999) examined the case of MSTC. The Commission inter-alia observed that the State trading, widely prevalent earlier, had been gradually phased out in most countries and this has led to loss of significant market opportunities for the Government owned trading companies in India. The Commission felt that no public purpose would be served by maintaining MSTC under the Government ownership and, therefore, the Commission classified MSTC as no-core. The Commission recommended sale of entire Government of India`s holding in MSTC along with MSTC`s holding in Ferro Scrap Nigam Limited. (FSNL). The Commission also recommended that in the event of no investors being interested in the company, there would be no option but to close down the operations of MSTC.

(c) : Protection of employees` interest is an integral part of the disinvestment policy. Adequate provisions are made in the Transactions Agreements entered into at the time of Strategic Sale, to ensure that there is no retrenchment of employees for one year after disinvestment and where necessary, Voluntary Retirement Scheme (VRS) is implemented only in accordance with the Department of Public Enterprises (DPE) guidelines or the VRS which was prevailing in the company prior to disinvestment, whichever is more beneficial for the employees.